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18 January 1957

MEMORANDUM FOR RECORD

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wexwere over largely the ground covered in earlier conversations.

views toward Socialist merger do not appear to have undergone any fundamental change but seem to take greater account of the subtlety and complexity of the process which is at work. He still regards Nenni as untrustworthy and feels that Saragat and the Democratic Socialists are justified in holding against Him the long period of his Communist collaboration. However, appears to have come to the conclusion that the merger may succeed in any case and that some degree of adjustment to it should be prepared. I attempted to convey the following points:

- a. The International Socialist leaders of Western Europe are probably more directly and vitally interested in the success of the merger than we realize. Although they will undoubtedly insist that a unified Socialist Party be truly Democratic before admitting it to the Socialist International, they will probably be less concerned than the US Embassy in the fine points of its foreign policy position or the nature of its anti-Communist professions. Ultimately what is at stake is the balance of power in a unified Europe between the two great political groupings of Social Democracy and Christian Democracy, or more broadly speaking, between Socialism and conservative Capitalism. With the balance between these two factors more or less even in France, Germany and the UK, not to mention the lesser countries, the role of Italian Socialism may be of critical moment.
- b. Fanfani, Saragat and Segni have all been reported as believing that out of the current Socialist negotiations will emerge not one unified party but three separate parties. Presumably Fanfani and the others regard this as greatly

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in their political interest. I suggested to that this would be essentially a short term view and one in which we could hardly concur. The fragmentation of the Socialist Left could only lead to immobilism on the part of the center coalition with resultant strengthening of Communism.

- c. The PCI has undoubtedly been seriously shaken by recent events. We both agreed that if elections were held now it might show a loss of as much as 20% in votes. Nevertheless, I suggested that this was perhaps a short term situation and that we should not underestimate the effectiveness of Togliatti in retrieving the situation. He has already taken significant steps to restore the strength of the Party leadership. In the event that the situation within the Bloc should stabilize, and the policy of coexistence and relaxation of tensions be resumed, there is every reasonable believe that the appeal of the PCI would remain high.

 agreed to this point and also suggested that in any case, the great majority of Italians who vote for the PCI are not vitally concerned with Communism as such, least of all in its foreign aspects.
- d. This raised the question of the future of dissident elements within Italian Communism. I suggested that history indicates that there have been no successful dissident movements found in and around the defection of a single individual or even in a group. For this reason Reale is undoubtedly right in feeling that he must cast his lot with the movement toward Socialist unification rather than attempting to found a Titoist type party of his own.

 agreed, but pointed out that it was somewhat ironican for Reale as a Communist to claim that he could moderate the role of the Filo-Communist of the PSI and protect Nenni from pressures of Togliatti.

valid, viz. establishing contact with Nenni, if only for reassurance and adoption of a detached, if not a sympathetic attitude toward the reunification movement. Nevertheless I have myself come to view the entire situation with greater detachment and like many others, as merely waiting to see what will happen rather than predicting or urging a particularl policy line. For that reason my work is now chiefly concentrated on analyzing the strong and weakness of the

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Communist parties in France and Italy. In this connection, I expressed the hope that he would pass on to me any information, of bibliographic or research nature, which he might pick up in Italy. He agreed to do so and suggested that at a later date after his return it might be possible to assemble a small group of 6 or 8 interested specialists from various parts of the Government to discuss the problem.

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Chief, SRS/DDI